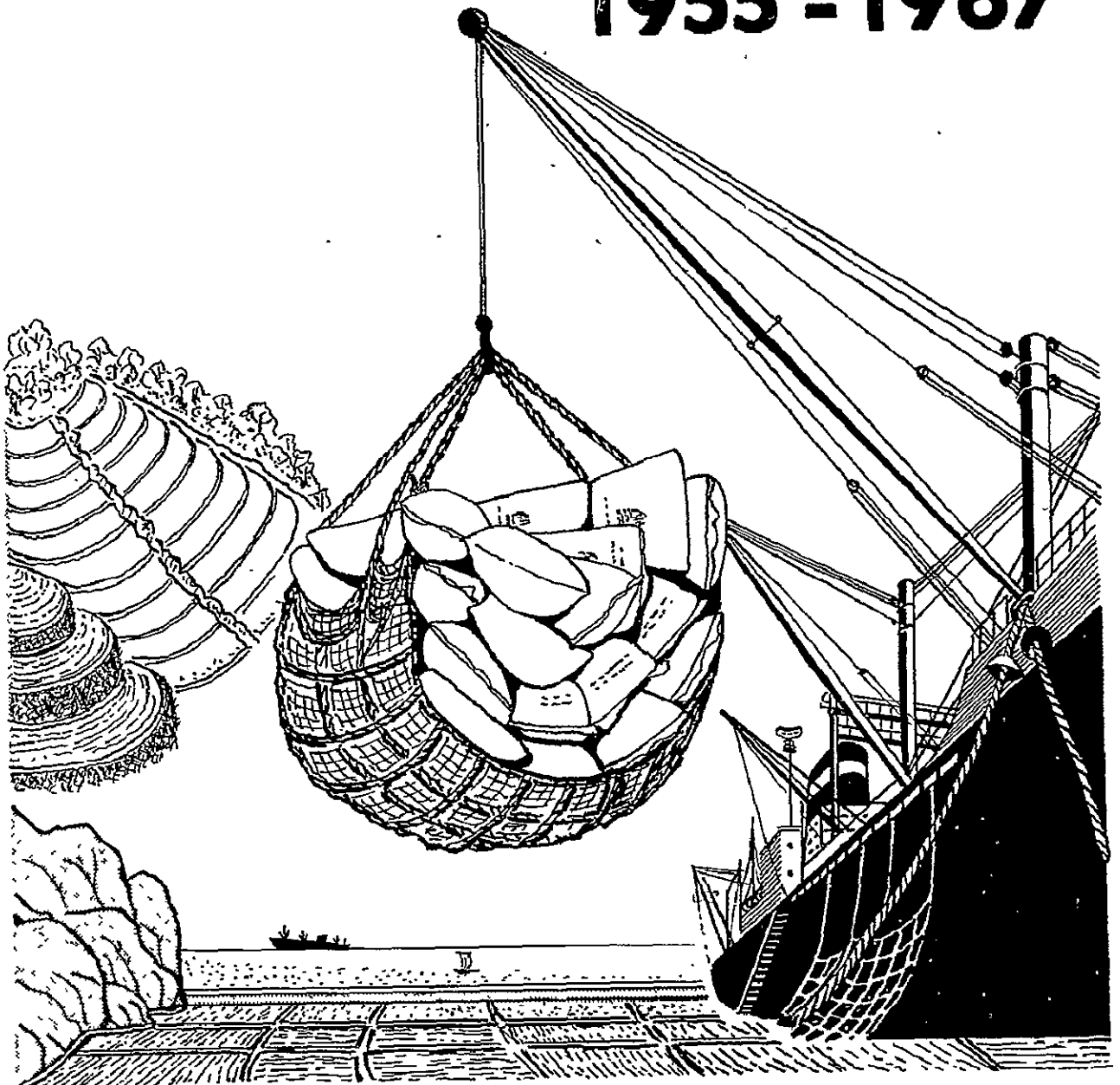


GOOD FOR PEACE PROGRAM IN KOREA

1955 - 1967



UNITED STATES OPERATIONS MISSION TO KOREA

THE FOOD FOR PEACE PROGRAM IN KOREA

TITLE I COMMODITY SALES

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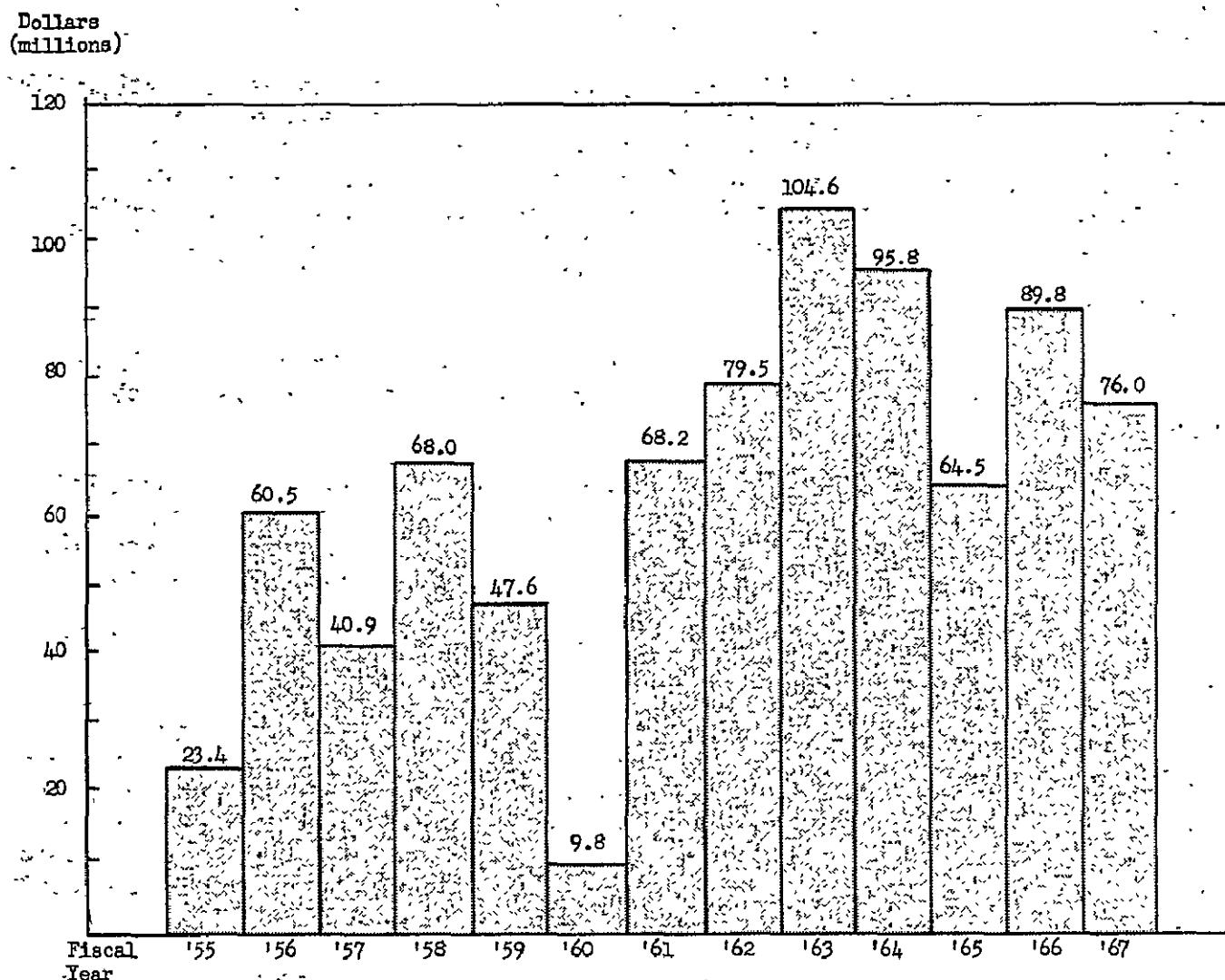
November 1967

THE FOOD FOR PEACE PROGRAM IN KOREA

In 1953, Korean agricultural production, physically handicapped by the ravages of war, was unable to sustain the Country's soaring postwar population. Surplus agricultural commodities were brought into Korea from the United States to help meet the food supply deficit.

With the passage of the Agricultural Trade Development and Assistance Act of 1954, known as PL-480, the United States Government (USG) has been supplying food, feed, and fiber for Korea's domestic consumption through this program since 1955. The export market value of agricultural commodities programmed in Korea under PL-480 has amounted to approximately \$829 million dollars, as illustrated in Figure 1 below:

Figure 1. Dollar Values of PL-480 Commodities Programmed for Korea
During Fiscal Years 1955 - 1967
(Based on Export Market Values)



The Food For Peace Act of 1966 which amends PL-480 provides that agricultural commodities can be sold to friendly countries under Title I of the Act and donated to such countries under the terms of Title II of the Act.

TITLE I-COMMODITY SALES

Title I of PL-480 provides for the sale of agricultural commodities to friendly countries for foreign currencies or for dollars on credit terms.

Historically, Title I commodity sales to Korea have served as a means to help meet the "gap" between the supply and the demand for food grains resulting from the distribution of agricultural production and the increase in population of refugees resulting from the Korean War. Since the beginning of the Food For Peace Program in Korea in 1955, twelve PL-480, Title I Agreements have been concluded between the Government of the Republic of Korea (ROKG) and the USG for the sale of agricultural commodities to Korea for won.

Won generated from the sale of agricultural commodities under Title I Agreements has been used to assist in meeting the USG commitment for the support of the ROKG Military Budget, for the payment of USG won expenses in Korea, and to provide won for loans to United States and/or Korean business firms.

Wheat imports totaling over three million metric tons since 1955, tops the list of commodities imported under Title I. Cotton ranks second with approximately two million bales having been imported to provide the raw material for the Nation's booming cotton textile industry. The import of 900,000 metric tons of barley also made an important contribution to Korea's food supply between 1956 and 1964. Feed grains, tallow, and small quantities of sorghum, corn, rice, canned pork and tobacco also were imported under Title I between 1955 and 1967.

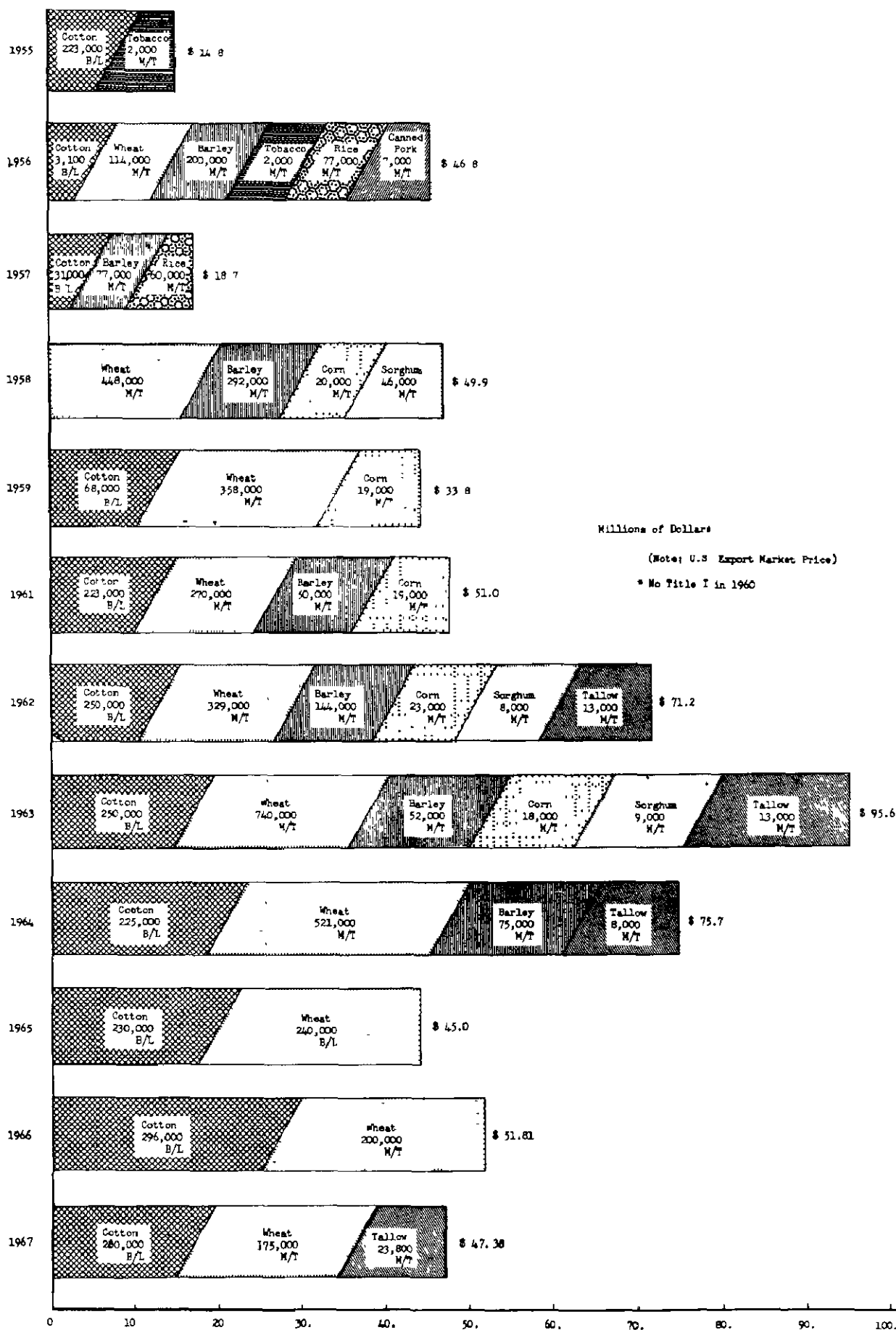
The levels of support for the PL-480, Title I sales agreements in Fiscal Years (FY) 1955 through FY-1967 by value and quantities of commodities are shown in Figure 2.

Food grains imports under Title I have decreased substantially the last five years as is illustrated in Figure 2. However, even though Korea has doubled its wheat production in the past five years and the "gap" between food grain supply and demand has been closing, Korea still needs to import wheat to meet the commercial flour market requirements. Because of its poor milling qualities, less than ten percent of the locally produced wheat is processed into flour for the commercial market.

Wheat imported under Title I and that purchased by Korea with its foreign exchange is currently being processed into flour to meet the domestic commercial market requirements. The wheat import requirement in 1967 to meet the demands for commercial flour in Korea is expected to be approximately 600,000 metric tons. About 20 percent of this year's wheat import requirement will be provided under Title I and the remaining 80 percent will be purchased from United States exporters by Korea importers with foreign exchange.

Korea has twenty-four flour mills processing imported wheat into flour for the commercial market. Commercial flour is used primarily for noodles and bakery products which are consumed mainly by the urban population.

Figure 2. Levels of Support For PL-480, Title I Sales - FY-1955 Through FY-1967, By Value And Quantities of Commodities



Cotton has ranked second on the Title I import list, but since 1965 its value has ranked first among the commodities imported (see Figure 2). More than 1.8 million bales of cotton have been furnished the nation's textile industry by Title I since 1955.

Korea has sixteen operating textile mills and five of these are exporting to overseas markets. During the last quarter of CY 1966 over twenty percent of the textile mills' production was exported. Korea furnished all cotton for textiles exported by dollar purchases of raw cotton primarily from the United States.

In the past five years cotton textile exports have increased from 2.5 million dollars in 1960 to 13.1 million dollars in 1965. During the same period domestic consumption of raw cotton increased from 116 million pounds in 1962 to 136 million pounds in 1966 and domestic consumption of cotton is expected to continue to increase at an annual rate of approximately five percent.

Korean cotton is of a short staple variety, not suitable for direct spinning. Locally produced cotton, used mainly in home spinning and weaving and commercially for non-spinning purposes, is less than 10,000 metric tons annually and is continuing to decrease. In 1967 Korea will purchase a minimum of 51,000 bales of raw cotton with its foreign exchange (49,000 bales from the USA and 2,000 bales from other free-world sources) required to meet its cotton textile export requirement.



Title I barley was imported between 1956 and 1964 to bridge the annually recurring spring food "gap" in Korea. Feed grains and tallow were the other agricultural commodities of importance imported under the program. Tallow is essential for Korea's soap industry and provides glycerine for industrial purposes. Since Korea cannot produce its requirements, tallow must be imported in increasing amounts.



Local currency generated from the sales of Title I commodities has been used in support of Korea's Military Budget, United States Government uses, and for "Cooley Loans" in varying amounts during the last twelve years. In 1967, the Twelfth PL-480, Title I Agreement between the ROKG and the USG provides that won generated under the agreement will be used as follows: 74 percent for Korea's Military Budget Support; 20 percent for USG uses; and 6 percent for Cooley Loans.

Cooley Loans are made by the USG to US business firms (including cooperatives) and branches, subsidiaries, or affiliates of such firms, for business development and trade expansion in Korea and to Korean business firms doing business in the country (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, US agricultural products.

TITLE II COMMODITY GRANTS

Title II of PL-480 authorizes the President of the United States to transfer agricultural commodities on a grant basis to friendly nations to assist needy people, to promote economic development, for disaster relief and for other assistance.

In Korea, Title II commodities have been utilized in support of the ROKG's rehabilitation and refugee programs resulting from the Korean War. Commodities were also used for emergency feeding necessitated by natural disasters. Since 1964, the primary use of Title II commodities has been on self-help economic development work projects, principally in rural areas. The basic purpose of this program is to assist the ROKG in the use of labor capable adults from needy families on development projects which would result in the economic stability for the participant and his family and to relieve them from dependency upon external food assistance. Title II commodities also are used in support of the ROKG child feeding program which consists of school lunch and maternal/child health programs.

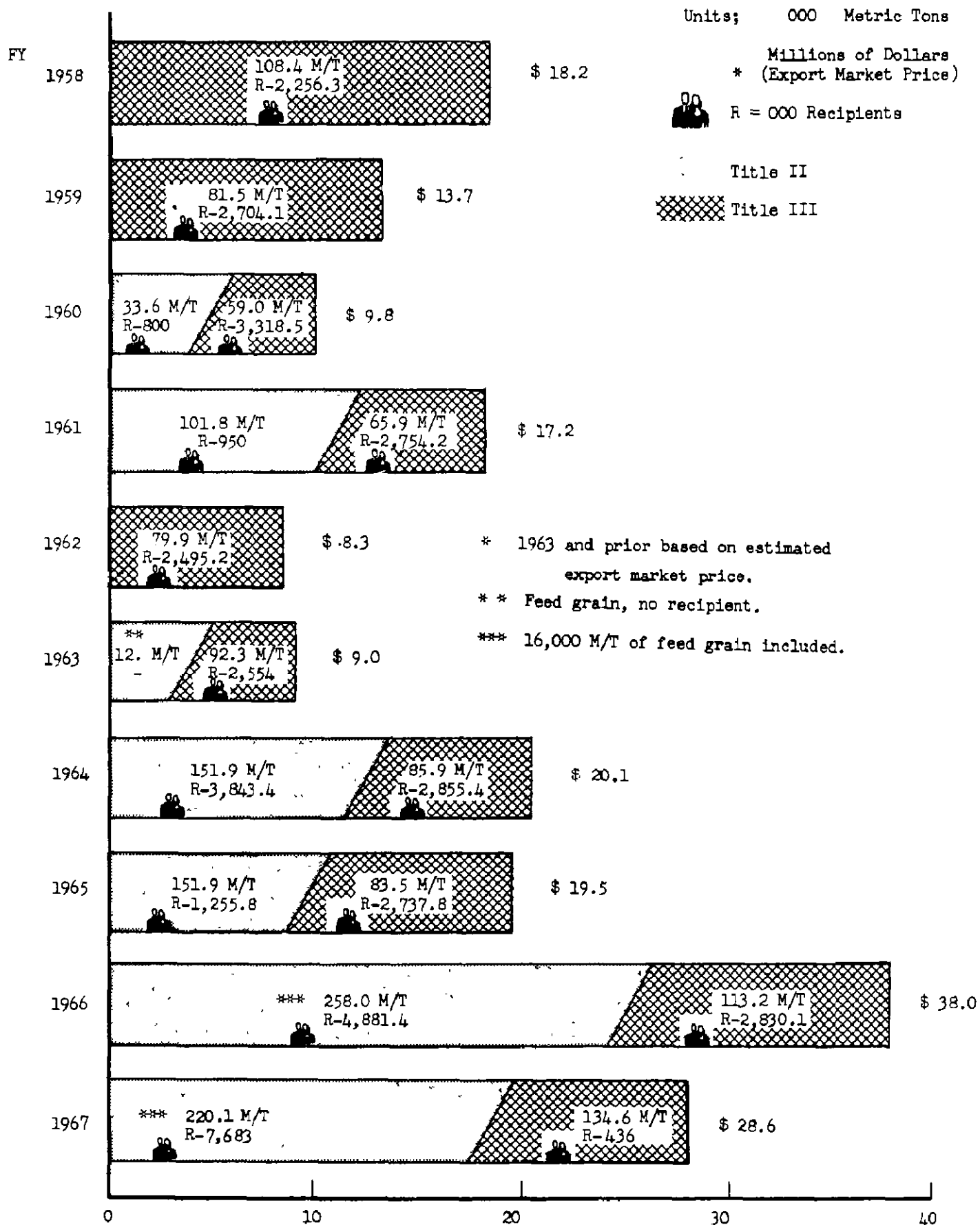
In addition to the ROKG, United States Registered Voluntary Agencies have utilized PL-480 commodities in their feeding programs in Korea since 1955. Originally US surplus agricultural commodities were donated to the voluntary agencies for distribution to needy persons through Title III of PL-480. With the passage of the Food For Peace Act of 1966, agricultural commodities have been furnished to the voluntary agencies through Title II.

Since 1955, eight US Voluntary Agencies have been involved in the Food For Peace Program in Korea. These included American-Korean Foundation, CARE, Catholic Relief Services - United States Catholic Conference, Korean Church World Service, Lutheran World Relief, Mennonite Central Committee, Seventh Day Adventist, and the World Relief Commission. The American-Korean Foundation, CARE and the Mennonite Central Committee no longer utilize PL-480 commodities in their Korean programs and the Seventh Day Adventist has only its Title II Hwasong Resettlement Project, having withdrawn from the general voluntary agency program under PL-480.

Voluntary agencies have utilized PL-480 commodities in their programs of supplemental feeding to needy persons in the following categories: family individuals, refugee and resettlement projects, family workers, institutions, health cases, maternal/child health, school lunch, child care cases, and feeding stations.

The levels of support in value and quantities of commodities and number of recipients programmed for the Title II and III grant programs of the ROKG and the US Voluntary Agencies from 1955 through 1967 are shown in Figure 3.

Figure 3. Levels of Support Programmed For PL-480, Title II and III Programs of the ROKG and U.S. Voluntary Agencies - FY-1958 Through FY-1967, By Value And Quantities of Commodities, And Number of Recipients.



ROKG TITLE II PROGRAMS

The first ROKG Title II program in Korea was for disaster relief implemented in 1957. A ROKG "food-for-work" program was carried out in 1959 following the disaster caused by a typhoon, which devastated the southern Provinces of South Korea. Again in 1963 and 1965 similar storm conditions caused disastrous flood damage requiring the implementation of other major Title II disaster relief and "food-for-work" programs for flood rehabilitation projects.

Food-For-Work Program

In 1964, the ROKG requested Title II commodities in support of economic development projects in rural areas. This Economic Development Program was supported by USG Title II commodities and ROKG funds for inland transportation and material costs. The Program was administered by the Ministries of Agriculture and Forestry, National Construction, and Health and Social Affairs for the construction of dikes, dams, roads, bridges, irrigation and canal systems, land terracing and reforestation.

In an effort to improve the planning, programming, operations, administration, supervision, technical implementation and commodity control of the Program, the provincial comprehensive development concept was introduced into the Program on a pilot basis in 1965 in one Province. This change also was an effort to transfer more authority and responsibility to local government officials and provincial technical staffs, which actually have the basic responsibilities in the planning and implementation of development projects and are answerable to both the local populace and the National Government.



Based on the success of the provincial pilot operation in 1965, all economic development projects in 1966 and 1967 originated in and were implemented by the Provincial Governments. The program is now known as the Provincial Comprehensive Development Program (PCDP).

The categories of development projects and the amounts of Title II and ROKG commodities utilized in the program the past four years is shown in Figure 4.

Figure 4. Category of Development Projects and Amounts of Title II and ROKG Commodities Utilized For The ROKG Title II Economic Development (Provincial Comprehensive Development) Programs, 1964 - 1967

<u>Categories</u>	Unit: Metric tons				
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u> ^{1/}	<u>Total</u>
Bench Terracing	12,700	41,396	29,065	9,750	92,911
Paddy Rearrangement		10,314	14,052	10,732	35,098
Reforestation and Erosion Control	24,658	8,399	10,159	35,693	78,909
Reservoir and Irrigation	17,412	19,607	36,540	15,228	88,787
Tideland	4,812	13,932	24,552	22,422	65,718
Roads		675	6,936	6,629	14,240
Flood Control	15,000	14,048	16,595	7,460	53,103
Fisheries		1,140	6,401	2,457	9,998
Urban			3,203	6,357	9,560
Others			2,497	8,272	10,769
Total	75,582	109,511	150,000 ^{2/}	125,000 ^{3/}	459,093

^{1/} Estimated

^{2/} Includes 20,000 M/T ROKG polished barley

^{3/} Includes 25,000 M/T ROKG polished barley



Bench Terracing Project



Paddy Rearrangement Project



Tideland Project



Reforestation Project

In order to effectively coordinate the PCDP at the National level, a Joint ROKG/USOM National Food For Peace Committee was established in August 1965. The Committee consists of representatives of the Economic Planning Board, Ministries of Health and Social Affairs, National Construction, Agriculture and Forestry for the ROKG and USOM representatives. The Committee functions under the auspices of and is answerable to the ROKG Deputy Prime Minister and the USOM Director. Each Provincial Office has a Provincial Food For Peace Committee which is responsible for the program in that province.

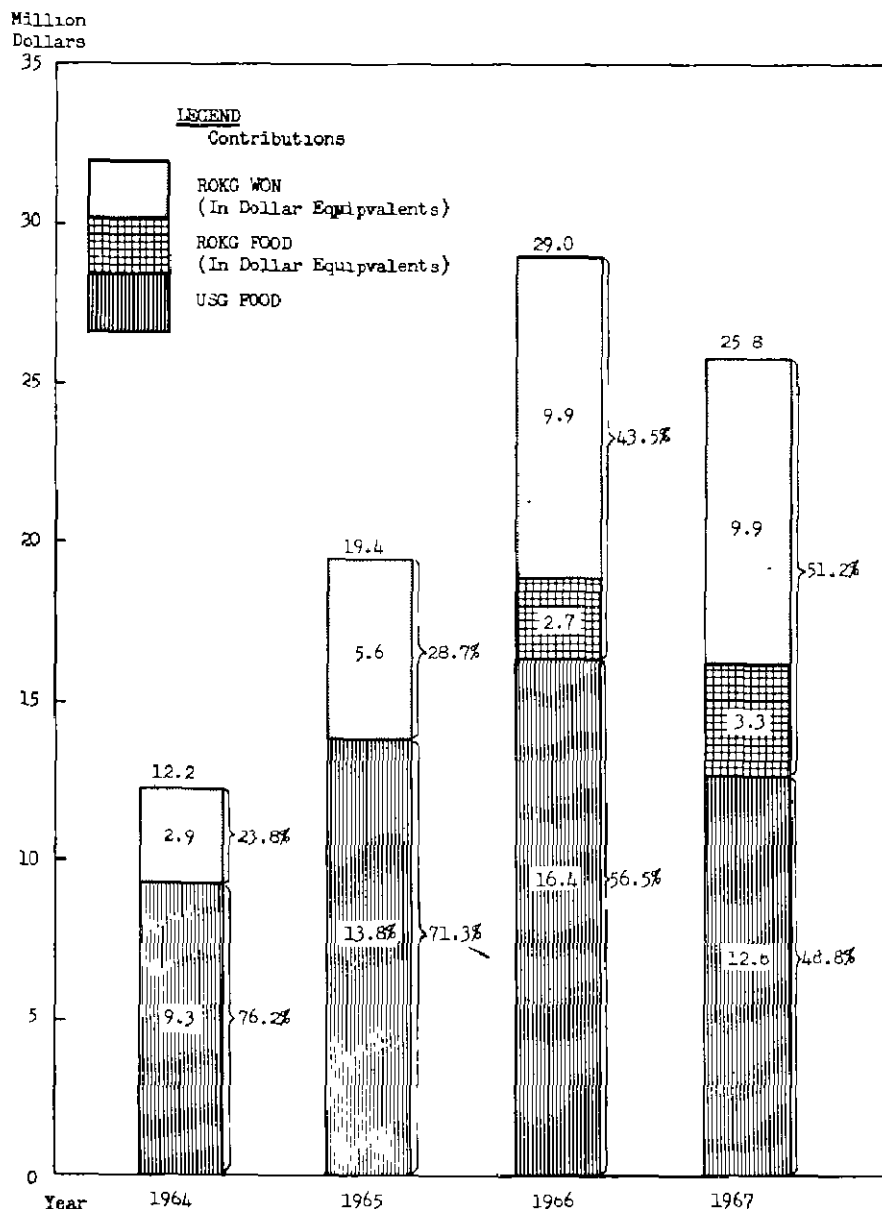
These programs have supported the attainment of economic and social stability in the rural sector; i.e. established people on land, increased farm family income, improved diets and provided an incentive for self-help. In the 1964 program, 42,937 farm families were involved on projects which resulted in 8,823 hectares of newly reclaimed land being distributed among 16,318 families and the improvement of 39,504 hectares for increased production. In 1965, 41,028 farm families worked on projects resulting in the reclamation of 28,858 hectares of new land for distribution among 29,824 families and the improvement of 21,142 hectares. The 1966 program resulted in 155,751 families having worked on projects which made available 44,734 hectares for distribution to 46,000 families. In addition, 164,000 families worked on projects during the three year period which resulted in 44,793 hectares of improved farmland.



Erosion Control Project

The ROKG has continuously since the beginning of the Title II Food-For-Work Program increased its self-help efforts by increasing the value of its proportion of the contributions made to these programs. The ROKG has more than tripled its won contribution to the program since 1964 and in 1967, in addition to its won contribution, supplied 25,000 metric tons of polished barley to the program. Percentage-wise the ROKG more than doubled the value of its contribution to the program between 1964 and 1967. The ROKG contribution increased from 23.8 percent of the value of the total contributions to the program in 1964 to 51.2 percent by 1967. The dollar value of won and food contributions by the ROKG and the food contributions by the USG for period 1964 - 1967 is shown in Figure 5.

Figure 5. Dollar Value of Food Contributions of the USG and the Food and Won Contributions of the ROKG to the Title II Economic Development (PCDP) Programs, 1964 - 1967, by Source, Type, and Percent of Total Contribution Made by the Two Governments.



Child Feeding Programs

The Child Feeding Programs of the ROKG under PL-480, Title II include the School Lunch Program in the public primary schools and the Maternal/Child Health Program carried out in the public health centers throughout the Nation. In FY-67, commodities programmed included 72,540 metric tons of Title II food valued at 15.4 million dollars. The ROKG contributed 780 million won (2.8 million dollars) for the program. Prior to FY-67 these activities were implemented for the ROKG through the CARE Title III Program.

Currently, approximately 2.0 million primary school children in 5,552 public schools participate in the school lunch program utilizing Title II commodities.

There are over 53,000 mothers and infants receiving Title II food supplements through 880 public health centers throughout the Country.

Both the School Lunch Program and the Maternal Child Health Program are undergoing comprehensive study with a view to the establishment of clearer objectives including nutritional upgrading and increased input by the ROKG.

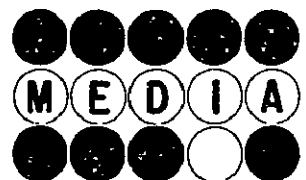


VOLUNTARY AGENCY TITLE II PROGRAMS

The Title II Programs administered by the United States Voluntary Agencies in Korea are basically of a social welfare nature and are carried out in cooperation with the Ministry of Health and Social Affairs of the ROKG. The categories of projects carried out by the Voluntary Agencies include school lunch, institutional feeding, family workers on community development projects, maternal and child care, feeding stations, and individual health cases.

Program emphasis has shifted the past few years from dole-type family feeding to self-help projects directed towards economic and social betterment. The Voluntary Agencies have adjusted their programming to assist in the accomplishment of this objective.

COMMUNICATIONS



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